



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Renewal of Workers Compensation Claim Administration contract with Greenfield-Thompson Associates

MEETING DATE: October 16, 1991

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: That Council approve the renewal of the contract with Greenfield Thompson Associates which includes an 8% fee increase.

BACKGROUND INFORMATION: Greenfield-Thompson Associates (GTA) began service as the City's Workers Compensation third party administrator in November, 1990. The process of transferring files and electronic data as well as getting new procedures on line has not been easy. However, an excellent communication flow and working relationship has developed between GTA and the City.

In January, 1991, workers compensation "reforms" were introduced in California. These "reforms" have served primarily to add more deadlines and bureaucratic hoops to an already complex and expensive system. The primary beneficiaries of this system have been physicians and attorneys.

The current pricing for claims administration services expires on November 1, 1991. In response to the added complexities and increased claims activity created by the 1989 Reform Act and AB 2910, GTA is requesting a 6% increase in its service fee. GTA is also asking for a 2% increase to cover operating expenses and cost of living for employees. This overall 8% increase will raise GTA's monthly fee from \$4,400 per month to \$4,750. The Service Fee agreement is attached for Council's review.

FUNDING: Sufficient monies have been budgeted in the Workers Compensation Insurance Fund to cover the cost of this contract.

Respectfully Submitted,

Jerry L. Glenn
Assistant City Manager

JLG:KJE:tp
Attachment

Prepared by Kirk J. Evans
Administrative Assistant to the City Manager

APPROVED: _____

THOMAS A. PETERSON



SEP 13 '91

City Manager's Office

September 12, 1991

Mr. Jerry L. Glenn
Assistant City Manager
The City of Lodi
221 West Pine Street
P. O. Box 3006
Lodi, CA 95241-1910

Re: Renewal of Workers' Compensation Claim
Administration Contract - 1991

Dear Jerry:

The current pricing for claims administration services expires on November 1, 1991. Our contract will automatically renew and is subject to changes, including requests for fee increases, approved by both parties.

We are requesting an **13.6% overall increase** or \$600 per month due to the additional services required of GTA and the increase in open indemnity claims. with AB-276, SB-47 and the increase in open indemnity claims.

While we still do not know the full impact of the 1989 Reform Act and AB-2910, the clean-up legislation, we are experiencing increases in our costs of doing business as examiner and support staff must be added to prepare, document and present information on reporting, penalties and audit procedures as well as a host of new procedures and activities the examiner must perform and document on each claim file in preparation for the Office of Benefit Enforcement audits.

A review of the Annual Reports and computer information shows the open indemnity claims count has increased 13.6% from 125 to 142 which follows the 21.5% increase in new reported. There is a direct percentage relationship between the number of open indemnity files and our fee increase request.

Suite 110

P.O. Box 1882
Pleasanton, CA 94566-0188
415 426 8263

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The requested service fee increase is outlined as follows:

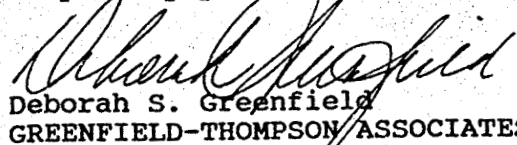
\$4400.00	current monthly fee
242.00	5.5% increases in claim activities
	from 1989 Reform Act &
286.00	6.5% increase from Pending open
<u>\$4928.00</u>	
	1.5 % increase in GTA operating
	expenses from Reform Act and
\$ 72.00	cost of living
** \$5000.00	1991 Monthly Fee

~~After you have had an opportunity to review the information presented, please give me a call to discuss our suggested services fees for the 1991 contract period.~~
If there is any additional information, legislative or computer data we can provide which will help in your review and approval of this increase, please let me know.

If in order, please return one signed copy of the amended service fee section of our agreement, as attached.

We have enjoyed working with you and the other city employees and look forward to a long and mutually beneficial business relationship.

Very truly yours,


Deborah S. Greenfield
GREENFIELD-THOMPSON ASSOCIATES, INC.

DSG/kk

** On October 2, 1991, Deborah Greenfield was contacted by the City. She was informed that, given recent modifications to the City's loss run (many cases have been closed), the projection of a 6.5% increase in open claims was excessive. She agreed to drop GTA's service fee request by \$250.00, resulting in a net overall increase of only \$350.00 or 8%.

SERVICE FEES

The fees paid by Employer to Service Company under this agreement are for services rendered by Service Company during the twelve month period beginning November 1, 1991. The Service Company assumes no obligation or responsibility for services beyond an earlier termination date.

CLAIM ADMINISTRATION: A guaranteed flat fee payable in equal monthly installments of \$4,750.- due in advance the first of each month beginning November 1991 to administer 125 new or re-open claims and 125 open indemnity claims. New or re-opened claims exceeding 125 and pending open **claims exceeding 125** will be administered at a fee per claim of \$370.

SAFETY & HEALTH CONSULTING & INDUSTRIAL HYGIENE SERVICES: The charge for loss control consulting services is an hourly rate of \$41. to \$125., plus expenses. These services will be estimated on a project by project basis with guaranteed costs "not to exceed", The charge for industrial hygiene services is on an "as need" basis hourly, plus expenses,

FIELD INVESTIGATION AND OTHER OUTSIDE SERVICES: The charge for field and investigative services and outside services such as mandatory conference, hearing or trial attendance is \$65. per hour, plus expenses.

SPECIAL OR ADDITIONAL COMPUTER INFORMATION: All reports, data processing, training and services are included in the annual fee, If additional reports, special reports, conversion or special programming or information is needed, costs will be actual as incurred,

GOVERNING LAW

This Agreement shall, be interpreted and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment day and year hereinbelow written. All other terms and conditions remain in full force.

THE CITY OF LODI

GREENFIELD THOMPSON ASSOC, INC.

BY: _____

BY: *Robert J. Seeger*

Thomas A. Peterson

TITLE: City Manager

TITLE: *President*

DATE: _____

DATE: 10-2-91

amended 10-02-91

APPROVED AS TO FORM:

ATTEST:

Bob McNatt
Bob McNatt, City Attorney

Alice M. Keimche, City Clerk

September 12, 1991

SEP 13 '91

City Manager's Office

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Assistant City Manager
The City of Lodi
221 West Pine Street
P. O. BOX 3006
Lodi, CA 95241-1910

Det. 16

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